

SENATE BILL 58

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(PRE-FILED)

By: **Chairman, Judicial Proceedings Committee (Departmental -
Transportation)**

Requested: October 26, 2000
Introduced and read first time: January 10, 2001
Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: February 7, 2001

CHAPTER _____

1 AN ACT concerning

2 **Motor Vehicle Law - ~~Vehicle Dealers~~ Licensing of Businesses and**
3 **Occupations**

4 FOR the purpose of ~~authorizing vehicle dealers to conduct certain business at~~
5 ~~dealership locations and auctions other than a certain fixed location under~~
6 ~~certain circumstances~~ providing an exception to a provision of law requiring
7 certain individuals and businesses licensed by the Motor Vehicle Administration
8 to conduct the licensed activity only from a fixed location; altering certain
9 provisions relating to the number and types of vehicle shows that certain
10 dealers or ~~salespersons~~ salesmen are authorized to participate in annually;
11 establishing that a dealer's bond covers certain locations under certain
12 circumstances; increasing the surety bond requirements for certain dealerships;
13 and generally relating to motor vehicle ~~dealerships~~ business and occupational
14 licenses.

15 BY repealing and reenacting, with amendments,
16 Article - Transportation
17 Section 15-105, 15-304, and 15-308
18 Annotated Code of Maryland
19 (1999 Replacement Volume and 2000 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Transportation

2 15-105.

3 (a) (1) A person who is licensed under this title may conduct the licensed
4 activity only from a fixed location, as specified in the application for the license,
5 UNLESS CONDUCTING WHOLESALE TRANSACTIONS AT AUCTIONS OR AT OTHER
6 LICENSED DEALERSHIP LOCATIONS.

7 (2) The books of account and records of, except as otherwise specified by
8 law, the licensee shall be kept at that location.

9 (3) A person, who holds multiple licenses at more than one location and
10 has established a computerized data processing record keeping system at one of his
11 locations, may keep certain records, as designated by the Administrator, of all his
12 licensed activities at the centralized location; provided prior approval of the
13 Administrator has been granted.

14 (b) A licensee may not remove or relocate the location specified for the licensed
15 activity, unless the licensee has applied for and obtained a supplemental license from
16 the Administration.

17 (c) A licensee may not open any additional location other than a location
18 specified for the licensed activity, unless the licensee has applied for and obtained a
19 supplemental license from the Administration.

20 (d) Each licensee under this title shall maintain and keep records required by
21 this article.

22 (e) The records shall be kept for 3 years after the transaction to which it
23 applies.

24 (f) During business hours, the records of the licensee shall be open to
25 inspection by the Administration or any police officer while discharging his official
26 duties.

27 15-304.

28 (a) Except as provided in subsection (b) of this section, a person may not be
29 licensed under this subtitle unless:

30 (1) The business to be conducted under the license is the only or
31 principal business conducted from the fixed location specified in the application;

32 (2) That business is conducted from a building that is adequate and
33 appropriate for the sale of the vehicles that may be sold under the license; and

34 (3) That business either:

35 (i) Maintains and operates an automotive repair facility equipped
36 for reasonably adequate and proper servicing of the vehicles to be sold by it; or

1 (ii) Has an existing contract, approved by the Administration, that
 2 requires the contractor to service, at a reasonably convenient location, the vehicles to
 3 be sold by the business.

4 (b) (1) As to trailers, semitrailers, motorcycles, Class C (funeral and
 5 ambulance) vehicles, or emergency vehicles as defined in § 11-118(2), (5), and (6) of
 6 this article, the sale of these vehicles need not be the only or principal business
 7 conducted from the fixed location, but shall be subject to any reasonable location
 8 requirements determined by the Administration by rule or regulation.

9 (2) A wholesale dealer may be licensed under this subtitle regardless of
 10 whether the wholesale dealer meets the requirements of paragraphs (a)(1) and (3) of
 11 this section, but a wholesale dealer shall be subject to any reasonable location
 12 requirements determined by the Administration by rule or regulation.

13 (c) Notwithstanding the provisions of this section:

14 (1) A new vehicle dealer, or a licensed vehicle ~~{salesman} SALESPERSON~~
 15 who is employed by the dealer, may participate in [1 annual industry-wide vehicle
 16 show and 1 annual regional vehicle show] 2 ANNUAL VEHICLE ~~FRANCHISE~~ SHOWS
 17 FOR EACH ~~FRANCHISE~~ DEALER LOCATION.

18 (2) A DISPLAY OR EXHIBIT OF VEHICLES PROVIDED BY A VEHICLE
 19 MANUFACTURER IS NOT A VEHICLE SHOW UNDER THIS SECTION IF BUYERS' ORDERS
 20 ARE NOT EXECUTED AND DEPOSITS ARE NOT ACCEPTED.

21 ~~(2)~~ (3) A new vehicle dealer franchised to sell Class M motor homes or
 22 Class G trailers, or a licensed ~~{salesman} SALESPERSON~~ who is employed by the
 23 dealer, may participate in more than [1] 2 annual [industry-wide] vehicle [show]
 24 SHOWS [and more than 1 annual regional vehicle show], if the shows are limited to
 25 Class M motor homes or Class G trailers.

26 (d) A vehicle dealer or licensed vehicle ~~{salesman} SALESPERSON~~ listed in
 27 subsection (c) of this section may participate in [an industry-wide] A vehicle show
 28 [or a regional vehicle show] if:

29 (1) The dealer holds a valid license issued under this title; and

30 (2) At least 60 days before the vehicle show, an application is filed with
 31 the Administration, for approval by the Administration, that contains:

32 (i) A list of the names and business addresses of participating
 33 dealers;

34 (ii) The location of the vehicle show;

35 (iii) The specific dates on which the vehicle show will be held; and

36 (iv) Other reasonable information required by the Administration;
 37 and

1 (3) The vehicle show does not exceed 10 consecutive days and is
2 restricted to new vehicles only.

3 (e) (1) A licensed dealer, or a licensed vehicle [salesman] SALESPERSON
4 who is employed by the dealer, who participates in [an industry-wide] A vehicle show
5 [or a regional vehicle show] may execute a buyer's order and accept a deposit as
6 provided in paragraph (2) of this subsection.

7 (2) A licensed dealer may not accept a deposit that:

8 (i) For an order for any vehicle, except a Class M motor home,
9 exceeds 5 percent of the cost of the vehicle; or

10 (ii) For an order of a Class M motor home, exceeds 10 percent of the
11 cost of the motor home.

12 (3) Except as otherwise provided in paragraph (1) of this subsection, a
13 licensed dealer, or a licensed vehicle [salesman] SALESPERSON who is employed by
14 the dealer, shall conduct activities involved in a vehicle sale, including the completion
15 of the sales contract, the issuance of temporary registration plates and a temporary
16 registration certificate, and delivery of the vehicle, at the dealer's fixed location as
17 shown in the dealer's application for the license.

18 15-308.

19 (a) (1) After the Administration notifies an applicant of the approval of an
20 application and before the Administration issues a license, the applicant shall file
21 with the Administration a surety bond in the form and with the surety that the
22 Administration approves.

23 (2) THE BOND SHALL BE FOR THE APPLICANT'S PRIMARY LOCATION AND
24 ALL SUPPLEMENTAL LOCATIONS IF ALL OF THE LOCATIONS ARE LICENSED UNDER
25 THE SAME DEALER BUSINESS LICENSE NUMBER.

26 (b) The amount of the surety bond shall be:

27 (1) For a licensee who is licensed to deal only in trailers or semitrailers
28 15 feet or less in length, or only in boat trailers of any size -- \$5,000;

29 (2) For a licensee who is licensed to deal in the sale of new motor
30 vehicles, an amount based on the number of new motor vehicle sales during the
31 preceding license year, according to the following schedule:

32 (i) 1 to 500 vehicles -- \$50,000; [and]

33 (ii) [Over 500] 501 TO 1,000 vehicles -- \$75,000; [and]

34 (III) 1,001 TO 2,500 VEHICLES -- \$100,000; AND

35 (IV) OVER 2,500 VEHICLES -- \$300,000.

1 (3) For a licensee who is licensed to deal only in the sale of used motor
2 vehicles, including wholesalers, an amount based on the number of used vehicle sales
3 during the preceding license year, according to the following schedule:

- 4 (i) 1 to 250 vehicles -- \$15,000;
- 5 (ii) 251 to 500 vehicles -- \$25,000; [and]
- 6 (iii) [Over 500] 501 TO 1,000 vehicles -- \$35,000[.];
- 7 (IV) 1,001 TO ~~40,000~~ 2,500 VEHICLES -- \$50,000; AND
- 8 (V) OVER ~~40,000~~ 2,500 VEHICLES -- \$150,000.

9 (c) (1) This subsection applies only to an applicant who:

- 10 (i) Applies for a license to deal in the sale of new or used motor
11 vehicles; and
- 12 (ii) Was not licensed to sell motor vehicles during the preceding
13 license year.

14 (2) Subject to paragraph (3) of this subsection, the Administration shall
15 base the amount of a surety bond for an applicant described in paragraph (1) of this
16 subsection on the estimated volume of sales in the initial year in which the license is
17 in effect.

18 (3) The amount of the surety bond under paragraph (2) of this subsection
19 may not be less than:

- 20 (i) For an applicant for a license to deal in the sale of new motor
21 vehicles, \$50,000; or
- 22 (ii) For an applicant for a license to deal in the sale of used vehicles,
23 \$15,000.

24 (d) Notwithstanding subsection (c) of this section, if an applicant seeks a
25 license for a location that is or that previously had been operated by a licensed dealer,
26 the Administration may require a surety bond under subsection (b)(2) or (3) of this
27 section based on the volume of sales at that location during a preceding license year.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
29 effect October 1, 2001.

